



Foreign Agricultural Service

GAIN Report

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Denmark

Solid Wood Products

Annual

2000

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Report Highlights:

High U.S. softwood prices in recent years and aggressive Scandinavian and East European suppliers reduced U.S. market share to less than 6 percent.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Copenhagen [DA1], DA

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EXECUTIVE SUMMARY

Total Danish wood trade in 1999 amounted to \$2.7 billion -- consisting of imports totaling \$2.0 billion and exports totaling \$709 million). Danish pine log imports amounted to \$437 million. The Nordic countries combined account for about 90 percent of the wood trade. Denmark imported wood products valued at \$26 million from the United States in 1999, of which 24 percent were oak and 37 percent were other hardwood products.

Until 1998, U.S. was the major supplier of softwood plywood to Denmark. In 1999, Scandinavian and East European countries (especially Russia and Poland) took over the market and U.S. market share is now under 6 percent. Following high prices of U.S. softwood plywood, the market seem now more accustomed to products from other countries, and U.S. will have difficulties regaining its former market share.

Average Exchange Rates:

1999: U.S.\$1 = DKK 6.98
December 1999: U.S.\$1 = DKK 8.50

FOREST PRODUCT			
STRATEGIC INDICATOR TABLES FOR DENMARK			
CONSTRUCTION MARKET			
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Housing Starts (thousand units)	N/A	N/A	N/A
--of which, wood frame (thousand units)	1,000	1,000	1,000
--of which, steel, masonry, other materials (thousand units)	N/A	N/A	N/A
--of total starts, residential (thousand units)	17,427	16,500	16,000
----of residential, single family (thousand units)	7,508	7,000	6,000
----of residential, multi-family (thousand units)	9,919	9,500	10,000
--of total starts, commercial (thousand units)	N/A	N/A	N/A
Total Value of Commercial Construction Market (\$US mil)	7,364	7,000	7,000
Total Value of Repair and Remodeling Market (\$US million)			
FURNITURE & INTERIORS MARKET			
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Housing Starts (number of units)	N/A	N/A	N/A
Total Number of Households)	2,380,000	2,382,660	2,385,000
Furniture Production (\$US million)	2,661	2,500	2,300
Total Furniture Imports (\$US million)	701	700	700
Total Furniture Exports (\$US million)	1,952	1,900	1,800
Interiors Market Size (\$US million)	1,410	1,300	1,200
MATERIAL HANDLING MARKET			
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Value of Industrial Output (\$US million)	64,541	66,500	68,000
New Pallet Production (million units)	8,500	8,500	8,500

FOREST AREA			
Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Land Area (million hectares)	4	4	4
Total Forest Area (million hectares)	0	0	0
--of which, Commercial ('000 hectares)	0	0	0
----of commercial, tropical hardwood ('000 hectares)	0	0	0
----of commercial, temperate hardwood ('000 hectares)	0	0	0
----of commercial, softwood ('000 hectares)	0	0	0
Forest Type			
--of which, virgin ('000 hectares)	0	0	0
--of which, plantation ('000 hectares)	0	0	0
--of which, other commercial (regrowth) ('000 hectares)	0	0	0
Total Volume of Standing Timber (thousand cubic meters)	N/A	N/A	N/A
--of which, Commercial Timber ('000 cum)	N/A	N/A	N/A
Annual Timber Removal ('000 cum) 1/	1,715	1,700	1,700
Annual Timber Growth Rate ('000 cum)	N/A	N/A	N/A
Annual Allowable Cut ('000 cum)	N/A	N/A	N/A
1/ If Removals exceeds growth rate, analyze impact in text.			
WOOD PRODUCTS SUBSIDIES			
Country:	Previous	Current	Following
Year of Report	Calendar Year	Calendar Year	Calendar Year
Total Solid Wood Export Subsidy Outlay (\$US million)	Nil	Nil	Nil
Is there a ban on the export of logs, lumber, or veneer? 1/	No	No	No
Are there export taxes (yes/no)? 2/	No	No	No
Total Wood Production Subsidy (\$US million)	6	6	6
Scope (thousands of hectares)			
Are there other wood products export expansion activities? 1/			
1/ If yes, describe in report.			

2/ If yes, identify in Tariff and Tax Strategic Indicator Table.			

Softwood plywood

Production

PSD Table						
Country	Denmark					
Commodity	Softwood Plywood				1000 CUBIC METERS	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Production	7	4	0	5	0	5
Imports	100	156	0	150	0	150
TOTAL SUPPLY	107	160	0	155	0	155
Exports	22	36	0	35	0	35
Domestic Consumption	85	124	0	120	0	120
TOTAL DISTRIBUTION	107	160	0	155	0	155

Domestic production is reduced from a former rather constant level of 7,000 to 8,000 CUM, to about 4000 CUM, corresponding to about 3 percent of total Danish consumption.

Market Impediments: Oriented Strand Board (OSB) is becoming a strong competitor to softwood plywood. This trend is generally credited to the production of fast growing small trees at the expense of production of larger trees and better utilization of the wood. Danish 2000 OSB imports are estimated at about 20,000 CUM, compared to plywood imports of about 150,000 CUM.

Oriented Strand Board (OSB) imports are registered together with wafer, so imports of OSB are difficult to estimate. Total 1999 imports of wafer board, including OSB, reached 66,547 CUM, of which 921 CUM came from the U.S. Several U.S. companies have established themselves on the European markets with factories. Louisiana Pacific's joint venture factory in Ireland has obtained EU Danish approval. No U.S. factories are producing OSB according to EU specifications.

OSB standards for U.S. (or Canadian) companies have not been approved. OSB 3 (and OSB 4) are used in Denmark for roofs and floors, but since both standards can be used for the same purpose, Danish importers prefer only to stock OSB 3.

Trade

Import Trade Matrix			
Country	Denmark		
Commodity	Softwood Plywood		
Time period	CY	Units:	CUM
Imports for:	1998		1999
U.S.	36642	U.S.	9352
Others		Others	
Poland	15114	Poland	50906
Russia	15497	Russia	42776
Finland	21535	Finland	29010
Sweden	9711	Sweden	11468
Germany	8691	Germany	2702
Indonesia	15042	Indonesia	153
Canada	1841	Canada	1760
		Czech Rep.	2282
		Canada	2049
Total for Others	87431		143106
Others not Listed	1671		3069
Grand Total	125744		155527

Danish imports increased drastically the last three years from 72,083 CUM in 1996 to 102,360 CUM in 1997, 125,745 CUM in 1998 and 155,527 CUM in 1999. Danish construction activities are not thought to be high enough to accommodate these high numbers and some OSB imports may therefore have been registered as plywood imports.

U.S. market share has traditionally been about 40 percent. It increased in 1997 to 47 percent but dropped to 6 percent in 1999 and seems to stand at this level in 2000. Danish importers explain that U.S. lost significant market shares in previous years when high U.S. domestic market prices reduced exports. This has happened before, but this time, other suppliers were ready to take over. The Danes are now accustomed to these new products. They may be different in appearance and composition, but the specifications and construction qualities are similar to U.S. products.

Danish importers will continue to import speciality plywood products from the U.S., but quantities are expected to be in the range of thousands of CUM.

A Danish importer states that some competitors to the U.S. supply more attractive material which is also nicer to touch.

Export Trade Matrix			
Country	Denmark		
Commodity	Softwood Plywood		
Time period	CY	Units:	CUM
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Greenland	21552	Greenland	18777
Germany	2952	Germany	5450
Norway	1787	Norway	2117
Faeroe Islands	1317	Poland	3439
UK	157	Sweden	2573
		UK	464
Total for Others	27765		32820
Others not Listed	1894		2745
Grand Total	29659		35565